United Nations S/2013/646

Security Council

Distr.: General
6 November 2013

Original: English

Letter dated 5 November 2013 from the Secretary-General addressed to the President of the Security Council

Pursuant to Security Council resolution 1031 (1995), I have the honour to transmit herewith the forty-fourth report on the implementation of the Peace Agreement on Bosnia and Herzegovina, covering the period from 20 April to 21 October 2013, which I received from the High Representative for Bosnia and Herzegovina (see annex).

I should be grateful if you could bring the report to the attention of the members of the Security Council.

(*Signed*) **BAN** Ki-moon

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Annex

Letter dated 31 October 2013 from the High Representative for Bosnia and Herzegovina addressed to the Secretary-General

Pursuant to Security Council resolution 1031 (1995), in which the Council requested the Secretary-General to submit to it reports from the High Representative in accordance with annex 10 to the General Framework Agreement for Peace in Bosnia and Herzegovina and the Conclusions of the London Peace Implementation Conference of 8 and 9 December 1995, I herewith present to you the forty-fourth report of the High Representative for Implementation of the Peace Agreement on Bosnia and Herzegovina. I ask that this report be distributed to the Council members for their consideration.

This is my tenth report to the Secretary-General since assuming the post of High Representative for Bosnia and Herzegovina and European Union Special Representative on 26 March 2009. The present report covers the period from 20 April to 21 October 2013.

Should you or any Council member require any information beyond what is provided in the attached report or have any questions regarding its contents, I should be pleased to provide you with it.

(*Signed*) Valentin **Inzko**

Forty-fourth report of the High Representative for Bosnia and Herzegovina

Summary

The present report covers the period from 20 April to 21 October 2013. The previous report (S/2013/263) detailed how progress continued to stall, with Bosnia and Herzegovina reverting to the prevailing negative trends of the previous seven years. Regrettably, this dynamic continued during the current reporting period.

The atmosphere in the region continued to improve, with the neighbours of Bosnia and Herzegovina setting an example for the kind of positive political leadership that is necessary to deliver progress. Croatia joined the European Union on 1 July, while Serbia is expected to begin accession negotiations soon. In contrast, its inability to keep pace with others in the region and to deliver much-needed change result in Bosnia and Herzegovina running the risk of being left behind. The performance of the state-level Parliamentary Assembly exemplifies the problem: to date, no new laws have been fully adopted in 2013.

Public dissatisfaction with the overall situation was expressed clearly in June, when demonstrations were held in protest against the failure to ensure the issuance of identification numbers to citizens, which primarily affected newborn children. The demonstrations held in front of the building of the institutions of Bosnia and Herzegovina led to a political crisis from 5 to 7 June, with employees and visitors kept inside the building by security for several hours. Following these events, Serb and Croat parliamentary representatives refused to attend sessions until their security concerns were addressed. Common sense prevailed, and after several weeks institutions reconvened before breaking off for the summer recess.

In recent months the political crisis in the Federation of Bosnia and Herzegovina has calmed down. Following his arrest and detention on charges of abuse of office, the Federation President was released in June, but authorities state that their investigation continues. During the reporting period, the Federation institutions convened regularly, but progress on the legislative front has been disappointing. Following my active involvement, progress was made in the appointment of judges to the Federation Constitutional Court, thereby bringing the Court close to the point where it can rule on the pending disputes that prevented the formation of new governing authorities in the Federation.

Republika Srpska institutions met regularly during the reporting period. However, the ongoing readiness of some elected officials of the Republika Srpska to openly and directly challenge the fundamentals of the Peace Agreement, including the territorial integrity of Bosnia and Herzegovina, continued to concern me during the reporting period, as did the attempts of the authorities in the entities to regulate matters already regulated by state-level legislation. I continue to believe that these issues deserve the special attention of the international community.

Citizens in the city of Mostar continued to be denied the right to elect local authorities owing to the ongoing failure of political parties, in particular the Party for Democratic Action (SDA) and the Croatian Democratic Union of Bosnia and

Herzegovina (HDZ Bosnia and Herzegovina), to ensure the implementation of the 2010 ruling of the Bosnia and Herzegovina Constitutional Court on the city's electoral system.

Despite the development of legislative proposals to regulate the issue of military property and the broader issue of state property, the authorities in Bosnia and Herzegovina did not manage to take any significant, concrete steps forward during the reporting period towards implementing the outstanding requirements of the five objectives and two conditions necessary for the closure of the Office of the High Representative.

On a more positive note, the Bosnia and Herzegovina authorities conducted the much-delayed census of population and households, the results of which have not yet been published. This is the first post-war census in Bosnia and Herzegovina, and, while the public and political focus has been on issues related to ethnicity, language and religion, its real value will relate to its utility for economic and social planning.

There has also been some positive news on the economic front: exports are up by 8.5 per cent, and industrial production increased by 6.9 per cent. Despite these welcome developments, unemployment remained high, officially at 44.6 per cent, and the fiscal situation remained difficult during the reporting period.

Through their continued presence, the European Union and North Atlantic Treaty Organization (NATO) military missions in Bosnia and Herzegovina both continued to reassure citizens that the country remains safe and secure despite the difficult political situation. In my view, both need to remain, as they continue to fulfil a vital function and their presence is essential to support ongoing international community efforts and enable me to fulfil my mandate under the General Framework Agreement for Peace and relevant resolutions of the Security Council.

I. Introduction

1. This is my tenth report to the Secretary-General since assuming the post of High Representative for Bosnia and Herzegovina. It provides a narrative description of progress made towards attaining the goals outlined in previous reports, registers factual developments, logs relevant citations relating to the reporting period and provides my assessment of the implementation of key areas falling under my mandate. I have focused my efforts on facilitating progress in these areas, in line with my primary responsibility to uphold the civilian aspects of the General Framework Agreement for Peace, while also encouraging progress on the five objectives and two conditions for the closure of the Office of the High Representative and working to preserve steps that have previously been taken to implement the General Framework Agreement.

2. Bearing in mind that the General Framework Agreement and numerous Security Council resolutions underscore the importance of respect for the rule of law for lasting peace in Bosnia and Herzegovina, my Office continues to monitor closely whether political leaders, parties and institutions respect the rule of law, in particular requirements set out in constitutions, laws and related rules of procedures governing the work and decision-making of key institutions in Bosnia and Herzegovina. Abiding by the Dayton Agreement, and in particular the constitutional framework and the rule of law, is a prerequisite for long-term stability in Bosnia and Herzegovina. In addition, challenges to state-level institutions established to safeguard the rule of law have continued, and the non-enforcement of decisions of the Constitutional Court of Bosnia and Herzegovina continues to be an issue of major concern.

3. My energies continue to be directed towards meeting my mandate as defined in annex 10 to the General Framework Agreement and relevant resolutions of the Security Council. My Office fully supports the efforts of the European Union and NATO to help Bosnia and Herzegovina to move along the path towards closer integration with those organizations. Following the reconfiguration of the international presence in Bosnia and Herzegovina, my Office and that of the European Union Special Representative work closely to create synergies wherever possible, in accordance with our respective mandates.

II. Political update

General political environment

4. During the reporting period, the Bosnia and Herzegovina authorities again failed to make concrete progress on integration with the European Union and NATO, despite this being the stated policy of the political leaders of Bosnia and Herzegovina. The ruling coalition now runs a serious risk of being fully responsible for the country being held back while the rest of the region advances. There is still time to get the country back on track, but it will require political leaders to fundamentally change their approach without any further delay.

5. Renewed uncertainly about the state-level coalition emerged at the end of September, when the breakdown in the partnership between the Alliance of

Independent Social Democrats (SNSD) and the Serb Democratic Party (SDS) resulted in the likelihood of a new government reshuffle at the state level.

6. During the reporting period, the long-running negative trend of some representatives from the Republika Srpska predicting and advocating for the dissolution of Bosnia and Herzegovina and the independence of the Republika Srpska continued. The advocacy for the dissolution of Bosnia and Herzegovina that continued to be heard from Republika Srpska officials was accompanied by challenges to state judicial institutions and other responsibilities of the state provided for under the Constitution of Bosnia and Herzegovina, as set forth in annex 4 to the General Framework Agreement.

7. The political dispute in the Federation was complicated by the arrest (and subsequent release) of the Federation President. On a more positive note, progress in appointing judges to the Federation Constitutional Court was facilitated by my Office and offers hope that the underlying political dispute in the Federation might be resolved in the coming period.

Decisions of the High Representative during the reporting period

8. During the reporting period, I refrained from using my executive powers, in line with the Peace Implementation Council Steering Board's policy of emphasizing "local ownership" over international decision-making.

Five objectives and two conditions for the closure of the Office of the High Representative

Progress on objectives

9. Despite some legislative proposals related to state and defence property, during the reporting period the Bosnia and Herzegovina authorities did not make concrete progress on the outstanding objectives set by the Steering Board of the Peace Implementation Council as prerequisites for the closure of the Office of the High Representative.

State and defence property

10. My Office continued to facilitate the resolution of state and defence property issues through coordination with state- and entity-level stakeholders, including relevant commissions, working groups, the Bosnia and Herzegovina Ministry of Defence and public attorneys throughout Bosnia and Herzegovina. Technical work continued, and the working group convened by the Ministry of Defence with the support of NATO headquarters in Sarajevo, which brought together legal, property and defence reform experts between 23 and 27 September to jointly identify solutions, was a welcome initiative. However, the lack of political consensus on how to proceed continued to be the major obstacle to progress.

11. On 6 May, in response to the lack of progress made, the Party for a Better Future of Bosnia and Herzegovina (SBB) and the Social Democratic Party (SDP) submitted to the Bosnia and Herzegovina Parliamentary Assembly a draft law on the disposal of immovable military property. After several discussions in the Bosnia and

Herzegovina House of Representatives, the draft law was rejected in October owing to a lack of support from delegates elected from the Republika Srpska.

12. The ministerial working group, which the Council of Ministers formed in February 2013 to propose solutions on state and defence property, convened twice during the reporting period. On 5 October, SNSD and SDP announced that they had reached an agreement on state and defence property, articulated in a piece of draft legislation. My Office, together with other international partners, is assessing this law and its consistency with the decision of September 2012 of the Bosnia and Herzegovina Constitutional Court.

13. Members of the State Property Commission, which was established in 2005, have complained that the Commission has not received sufficient guidance from the Council of Ministers as to how to proceed with its work, given the creation of the new ministerial working group. During the reporting period, the Commission continued to honour my earlier request to refrain from granting new exemptions to the state property disposal ban while my Office evaluated whether exemptions actually undermined efforts to resolve state property issues in line with the 2012 decision of the Bosnia and Herzegovina Constitutional Court on state property. At the time of writing, the Commission had yet to provide my Office with complete documentation on exemptions granted so far. As a result, my Office's evaluation of the disposal ban exemption process continues.

Brcko District

14. Following the closure on 31 August 2012 of the Brcko Office and the issuing of a Supervisory Order Regulating the Status of Legal Acts, the Supervisor no longer intervenes in the day-to-day affairs of the District, although he has retained full authority to resume — at his own discretion — the exercise of his authorities should circumstances warrant. The Arbitral Tribunal for the Dispute over the Inter-Entity Boundary in the Brcko Area remains in existence and constitutes a deterrent against possible interference by the entities.

15. As in other parts of the country, the economic situation in the District remains difficult, and corruption continues to be a concern. The underperformance of revenue collection across Bosnia and Herzegovina prompted the Indirect Taxation Authority Governing Board to reiterate on 27 May the urgency of revising, in close cooperation with the Office of the High Representative and the Brcko District authorities, the Brcko District coefficient used to determine the share of indirect tax revenue allocated to the District. The coefficient was established by decisions of the High Representative in May 2007. This is an issue that I will be working on with the competent authorities to ensure that the Brcko District has adequate and sustainable funding.

16. Also of note, the Federation government passed a decree in May that foresees the opening of a Federation government office in Brcko District. The Republika Srpska government has maintained a representative office in Brcko District since June 2012.

Challenges to the General Framework Agreement for Peace

17. The General Framework Agreement and its implementation have ensured peace and security in Bosnia and Herzegovina over the past 17 years. However, attempts at undermining the Peace Agreement's foundations and rolling back steps taken to implement it require the international community's continued attention.

Challenges to the sovereignty and territorial integrity of Bosnia and Herzegovina

18. The reporting period saw continued rhetoric from a number of senior officials from the Republika Srpska advocating for the future dissolution of the state of Bosnia and Herzegovina, characterizing the entities as states, and challenging the functionality of the state and its responsibilities under the Constitution of Bosnia and Herzegovina. In doing so, these officials have challenged the core provisions of the General Framework Agreement.

19. The President of the Republika Srpska continues to be the most frequent and vocal exponent of state dissolution, as he has sought to propagate his idea of Republika Srpska independence. In July he publicly stated, "I have been trying to reach every man in Republika Srpska to explain to him how I will lead this country to its full freedom and independence. The people recognize speculators, and I am not that."[1] A few days later he announced, "The Republika Srpska does not have a single economic or social reason to stay in Bosnia and Herzegovina ... But if we [SNSD] stay in power, you can count that from 2014 onwards the Republika Srpska will take more important steps towards independence."[2]

20. During the reporting period, both the President of the Republika Srpska and the Serb member of the Bosnia and Herzegovina Presidency made statements linking the independence of Kosovo with the future independence of the Republika Srpska.[3] The Serb member of the Bosnia and Herzegovina Presidency was most vocal, stating, "I want to remind you that the Republika Srpska National Assembly has a declaration where it says that we will — when half the United Nations recognizes Kosovo — take the view that the international system is changed and that we have the right to separate. That was not said by an individual in the Republika Srpska, as is often mentioned, but by the Parliament of the Republika Srpska."[4] The reference of the Serb member of the Bosnia and Herzegovina Presidency to a resolution adopted by the Republika Srpska National Assembly indicates that ongoing statements by senior officials from SNSD are not isolated events but rather reflect a policy.

21. I also remain concerned about claims that continued to be made during the reporting period by some senior officials from the Republika Srpska that the entities — contrary to the Constitution of Bosnia and Herzegovina — are "states" and that Bosnia and Herzegovina derives its statehood only from them. In doing so, they have directly challenged one of the key tenets of the Peace Agreement, that only Bosnia and Herzegovina is a sovereign state and that sovereignty lies with the state

[1] *Pecat*, 26 July 2013.

[2] *Novi pecat*, 7 August 2013.

[3] "Unlike the Republika Srpska, Kosovo has unilaterally declared independence and has been supported by a certain number of great powers. Many wanted to portray it as an exception but maybe this story will become a rule in some other places." *RTS*, 30 April 2013.

[4] Anadolija News Agency, 24 April 2013.

only. On 26 May, the President of the Republika Srpska said, "Bosnia and Herzegovina is composed of two entities and these entities have more elements of statehood than Bosnia and Herzegovina ... Organs at the level of Bosnia and Herzegovina are formed, an election process does not exist for Bosnia and Herzegovina organs at the level of Bosnia and Herzegovina. Bosnia and Herzegovina does not possess original statehood, but its statehood is derived."[5]

Additional cases of inflammatory rhetoric

22. In August, in answer to a question about Republika Srpska calls for independence, the Croat member of the Bosnia and Herzegovina Presidency said that he and others in Bosnia and Herzegovina would be ready to take up arms if the Republika Srpska were to secede. He was quoted in a local newspaper as saying, "Everyone who cares about this state will take up arms if there is an attempt. Not just Bosniaks. Including me. Only a fool would think that something like that won't happen if part of the country tries to secede."[6] Following calls from senior Republika Srpska officials for him to retract his statements, he went on to reiterate them in a press statement on 21 August.

Challenges to the competencies of Bosnia and Herzegovina institutions

23. The actions of the entities in a number of areas raised concerns about their readiness to challenge the competencies of the institutions of Bosnia and Herzegovina.

Citizen identification numbers

24. As I previously reported, in April and May, following a failure to implement a ruling of the Bosnia and Herzegovina Constitutional Court, which then struck down provisions of the state law related to the issuance of numbers in February, the Republika Srpska government took a series of unilateral actions to regulate and issue its own single citizen identification numbers within the Republika Srpska. They did this even though the issue falls within the responsibility of the state and is regulated at the state level uniformly for all citizens, in line with international standards. In addition, the Brcko District continued to issue its own citizen identification numbers. This crisis continued until June, when the Council of Ministers adopted a six-month temporary solution at the state level that allowed the resumption of issuance of citizen identification numbers. This issue is described in further detail in paragraphs 34 to 37.

Public broadcasting system

25. I am also concerned by the unilateral action taken by the Republika Srpska authorities at the beginning of October in the public broadcasting sector. In adopting amendments to the Republika Srpska Law on Public Broadcasting Service, they regulated matters that were already regulated by state-level legislation in a way that was inconsistent with it. This was done despite prior warning from my Office, the European Union and other relevant international organizations that this was the wrong course of action and that Republika Srpska concerns about the public

[5] *Politika*, 26 May 2013.
[6] *Oslobođenje*, 17 August 2013.

broadcasting system should be addressed through changes to state-level legislation. Although not as serious as the recently adopted amendments to the Republika Srpska Law on Public Broadcasting Service, compliance with the Public Broadcasting Service Law in the Federation also continues to be problematic.

Challenges to Bosnia and Herzegovina judicial institutions

26. The President of the Republika Srpska also continued his rhetorical attacks against key state institutions established to exercise the responsibilities of the state under the Constitution of Bosnia and Herzegovina and to safeguard the rule of law (namely, the Bosnia and Herzegovina Constitutional Court, the State Court and the Prosecutor's Office and the High Judicial and Prosecutorial Council). During the reporting period, the President of the Republika Srpska threatened to introduce entity legislation denying the applicability of decisions of the Court of Bosnia and Herzegovina and the Prosecutor's Office on Republika Srpska territory, which would be a clear violation of the General Framework Agreement.[7]

State-level institutions of Bosnia and Herzegovina

Presidency of Bosnia and Herzegovina

27. The Presidency of Bosnia and Herzegovina met regularly during the reporting period, holding 13 sessions. On 10 July, the Croat member assumed the chairmanship of the Presidency for the next eight months, replacing the Serb member. The Presidency adopted a number of decisions related to budgetary matters, defence and foreign policy during the reporting period, but for the fourth year running, failed to adopt a platform for the participation of Bosnia and Herzegovina in the General Assembly.

28. The Presidency made a number of notable visits in the wider region during the reporting period, including a visit to Serbia on 23 April. The visit was the first official meeting between the President of Serbia, Tomislav Nikolic, and a senior non-Serb Bosnia and Herzegovina official since President Nikolic took office in May 2012. In a subsequent interview for Bosnia and Herzegovina Television, President Nikolic offered a statesmanlike and clear apology for Srebrenica and other crimes committed during the war. The Presidency of Bosnia and Herzegovina also visited Croatia, for the official ceremony of its entrance to the European Union, and France during the reporting period and participated in a trilateral meeting of the Heads of state of Bosnia and Herzegovina, Serbia and Turkey in Ankara on 14 and 15 May.

29. The work of the Presidency was marred by a series of inflammatory statements, described earlier in the present report, which only served to further raise political tensions.

[7] "It is only a matter of time when the Republika Srpska, regardless of how different people see this, will pass a law stating that the Law on the Court of Bosnia and Herzegovina and the Bosnia and Herzegovina Prosecutor's Office are no longer applicable in the Republika Srpska." *Dnevni Avaz*, 20 July 2013.

Council of Ministers of Bosnia and Herzegovina

30. Despite the protracted political crisis in Bosnia and Herzegovina, including the dispute surrounding the single citizen identification number (see paras. 34-37 below), the Council of Ministers of Bosnia and Herzegovina continued to meet on a regular basis during the reporting period, holding a total of 19 sessions. Despite these regular meetings, the legislative output of the Council of Ministers was limited during the reporting period, with only two new laws and 13 sets of amendments to existing legislation adopted. The Council of Ministers did, however, succeed in making a number of appointments and adopting a number of by-laws and other decisions in a wide range of areas. Economic and institutional challenges arising from the accession of Croatia to the European Union were high on the agenda of the Council of Ministers, including the regulation of border crossings with Croatia, which was addressed in a decision on 13 June facilitating an agreement between the two countries.

Parliamentary Assembly of Bosnia and Herzegovina

31. The Parliamentary Assembly of Bosnia and Herzegovina failed to adopt any new laws during the reporting period, although delegates did succeed in adopting minor amendments to 10 existing laws. Two proposed laws were conclusively rejected during the reporting period, including the proposed law on the disposal of immovable military property.

32. The trend of rejection of annual work reports of state-level institutions that have been targeted by the Republika Srpska for abolishment continued during the reporting period. For example, in July the House of Representatives and the House of Peoples rejected the annual work report of Bosnia and Herzegovina Radio-Television for 2012 and financial plan and workplans for 2013, as well as a report on the work of the Bosnia and Herzegovina Prosecutor's Office.

33. In parallel to the SNSD initiative to dismiss SDS members of the Council of Ministers, SNSD delegates in the Bosnia and Herzegovina House of Peoples called for the removal of the current SDS Speaker of the House in September.

Citizen identification numbers

34. A political crisis concerning the 13-digit single citizen identification number dominated the early summer. The state law regulating the issuance of this number was adopted in 2001 but needs to be changed owing to the rulings of the Bosnia and Herzegovina Constitutional Court in 2011 and early in 2013 striking down one provision of the law. Since 2012, subsequent proposals to implement the Court's rulings have been rejected by the Bosnia and Herzegovina Parliamentary Assembly owing to disputes over geographical registration areas associated with the number. The failure of the Parliamentary Assembly to adopt amendments created serious complications for ordinary citizens with newborn children and naturalized citizens unable to obtain numbers starting in February 2013.

35. On 9 and 15 May, I wrote to the entire Bosnia and Herzegovina Council of Ministers and urged them to put in place a workable solution, and on 23 May the Peace Implementation Council Steering Board in its communiqué called "on the competent Bosnia and Herzegovina authorities to enact urgently a focused solution based on addressing the Constitutional Court ruling, that can be implemented

immediately in the interest of all Bosnia and Herzegovina citizens and that maintains a single State-wide system".

36. On 5 June, the Bosnia and Herzegovina Council of Ministers adopted a temporary decision that met the requirement of the Bosnia and Herzegovina Constitutional Court decision of 2011 on the names of municipalities in the country but also introduced three new geographical registration areas associated with the number. However, the decision is valid only for 180 days. Amendments to permanently resolve the issue were adopted by the Bosnia and Herzegovina House of Representatives and are currently before the Bosnia and Herzegovina House of Peoples, following a failed attempt at invoking the vital national interest blocking mechanism by the Bosniak caucus.

37. The persistent failure of the Bosnia and Herzegovina authorities to permanently resolve the issue of the citizen identification number triggered some of the largest public protests in terms of scale seen in post-war Bosnia and Herzegovina in June, with several thousand citizens gathering around the buildings of the Parliamentary Assembly and the Council of Ministers of Bosnia and Herzegovina between 5 and 7 June. Demonstrators called for the Parliamentary Assembly to adopt a permanent solution and made clear that those inside the buildings of the Bosnia and Herzegovina institutions would not be allowed to leave until this was done. Although the protests were peaceful, in order to avoid any risk of incident, the competent authorities decided that all those who were inside the building should remain inside temporarily during the protests. Large-scale protests were also held before the buildings on 11 June, and additional protests were held on 1 July. Republika Srpska and Croat representatives in the parliament, claiming that they felt like hostages on 6 and 7 June, initially refused to return to work without sufficient security guarantees, citing lapses in police protection. The Parliamentary Assembly returned to a normal work schedule by mid-July.

Non-enforcement of decisions of the Constitutional Court of Bosnia and Herzegovina

38. As raised in my previous report (S/2013/263), a pattern of non-enforcement of decisions of the Constitutional Court of Bosnia and Herzegovina remains a serious problem. Non-enforcement of the Constitutional Court's final and binding decisions represents a violation of a key provision of the General Framework Agreement. It also undermines the rule of law and erodes respect for the authority of the highest judicial body in the country.[8]

39. One of the decisions of the Bosnia and Herzegovina Constitutional Court yet to be implemented relates to the electoral rules for the city of Mostar. As I have set out in my previous reports, my Office has sought to facilitate an agreement that would enable the Court's decision to be implemented and thereby enable the voters of Mostar to finally be able to elect new local authorities. When the Peace Implementation Council Steering Board convened on 22 and 23 May, it recognized that the failure to implement the Court's decision had been primarily the result of the inflexibility of the two strongest parties in Mostar, the Bosniak SDA and the

[8] On 15 March, in a written reply to a question posed by a representative of the Bosnia and Herzegovina Parliamentary Assembly, the Court reported that it had delivered 80 rulings on non-enforcement of its previous decisions to the Prosecutor's Office of Bosnia and Herzegovina, covering the period from 2005 to 2013.

Croat HDZ Bosnia and Herzegovina. The Steering Board also endorsed the framework document developed in earlier negotiations as "the most realistic basis available upon which the rulings of the Constitutional Court of Bosnia and Herzegovina, whose decisions are final and binding under annex 4 to the General Framework Agreement for Peace, can be implemented". Despite the clear position of the Steering Board and the fact that the majority of the parties participating in the facilitation process led by my Office in more than 100 meetings made gestures towards compromise, it was only at the end of August that SDA and HDZ Bosnia and Herzegovina finally showed a readiness to undertake bilateral discussions, although these have not yet resulted in concrete proposals. Nevertheless, these discussions have raised the hope that a compromise solution can finally be agreed upon that would implement the Court's ruling, pave the way for local elections and enable the city to continue towards full reintegration in the interest of all its citizens.

40. Another decision of the Court whose implementation is a question of the utmost urgency requires amendments to the Bosnia and Herzegovina Election Law relating to the names of electoral constituencies. Without these changes, the Central Election Commission has made clear that it will not be able to organize the general elections in October 2014. It is for this reason that on 12 September I signed a letter jointly with the European Union delegation, the Organization for Security and Cooperation in Europe (OSCE), the Council of Europe and the Embassy of the United States of America, in which we called upon the Bosnia and Herzegovina Parliamentary Assembly to meet its responsibilities to adopt the necessary changes as soon as possible. At the time of writing, the amendment had still not been adopted.

Federation of Bosnia and Herzegovina

41. The intensity of the political crisis in the Federation entity, described in my previous report, diminished during the reporting period, although the attempted government reshuffle that prompted the crisis never materialized and the problem with the non-appointment of judges that fuelled it was never fully resolved. While the dispute among the parties in government continued, the government nevertheless managed to work, following my intervention with the Prime Minister and his deputy. In total, the government held five regular sessions and eight urgent sessions during the reporting period. Despite the ongoing crisis, the government adopted 14 new laws and amendments to 19 existing laws.

42. The Federation Parliament also convened regularly, adopting 12 new laws and amendments to 11 existing laws during the reporting period.

Governance controversy following the arrest of the Federation President

43. The Federation President was arrested on 26 April over his alleged involvement in selling presidential pardons, raising controversy about how the functions of the President were to be carried out during his detention. Days after the President's arrest, a judge of the Bosnia and Herzegovina Court sent a document to the President's defence attorney notifying him that the Court had accepted the opinion of the Bosnia and Herzegovina Prosecutor's Office that the President should not sign any documents related to his official duties while in detention.

44. In May, the Federation Parliament and its Constitutional and Legal Affairs Committee concluded that the President could not perform his constitutionally prescribed duties under the circumstances, but also that the entity Constitution did not envisage how these duties were to be carried out. They explored possible solutions to fill this gap during the "incapacitation" of the President, but these considerations were overtaken by events after the Constitutional Court of Bosnia and Herzegovina ruled that the Court of Bosnia and Herzegovina should reassess its decision on detention and the Court released the Federation President from pretrial custody at the end of May. The Federation House of Representatives also discussed a proposal to seek the President's dismissal but did not adopt it.

45. On 10 June, the Municipal Court in Sarajevo confirmed an indictment against the Federation President in relation to a separate case of illicit possession of a handgun. The President pleaded not guilty to these charges when he appeared before the Municipal Court in Sarajevo on 1 July. Since then, he has continued to perform his presidential duties.

Appointment of judges to the Federation Constitutional Court and its Vital National Interest Panel

46. Important progress was made during the reporting period towards unblocking long-delayed appointments to the Federation Constitutional Court and its Vital National Interest Panel. The Panel has been incapacitated for about four years, resulting in the blockage of several acts before the Federation and cantonal legislatures, including the no-confidence vote against the current Federation government.

47. The meetings that I chaired on 25 April and 3 July 2013 with the President and two Vice-Presidents of the Federation and the leadership of the House of Peoples were followed by the appointment of one of the Serb and one of the Bosniak judges to the Federation Constitutional Court. The Federation House of Peoples also adopted a decision appointing members to the Vital National Interest Panel of the Constitutional Court of the Federation.

48. Two main issues need to be resolved for the Vital National Interest Panel to resume its work. The first is the resolution of three complaints submitted to the Court regarding the appointment of one of the Bosniak judges to the Panel. The second is the question of whether the Panel can work and issue decisions in the absence of one of its members, which the Court itself is expected to resolve. Once these issues are resolved, which I hope will be done expeditiously, the Panel will need to address a backlog of several vital national interest cases, including assessing the vote of no confidence in the Federation government.

Federation Securities Commission

49. The Federation Securities Commission is the independent body that regulates capital markets in the Federation entity. Without a functioning Securities Commission, no joint stock company in the Federation could, for example, increase or decrease its capital, register changes in its management or issue new shares. Neither would there be effective oversight of the operations of brokerage companies, fund management companies or the Stock Exchange, nor could government securities be issued.

50. The functioning of this vital public institution was called into question following a Federation Supreme Court ruling in April 2013 that Commission members — who had continued to work after the expiry of their mandates in May 2009 because of the failure of the responsible authorities to appoint new members — had not been authorized to do so. Not only did this lead to decisions piling up before the Commission, but it also opened the possibility of additional legal challenges to the hundreds of decisions taken by the Commission in regulating securities markets since May 2009. These developments have posed a serious risk to the capital market in the Federation and, by extension, the overall economy.

51. The underlying reason why new Commission members were not appointed was a disagreement between the Federation President, who, with the agreement of the two Vice-Presidents, is responsible for appointing new members, and the Federation House of Representatives, which, together with the House of Peoples, is responsible for approving those appointments, over the procedure for selecting candidates. Following an exchange of letters and meetings between the President, the Vice-Presidents, the Parliament and me in August and September, a welcome step was taken on 30 September, when the Federation President and Vice-Presidents decided to issue a vacancy announcement for the selection and appointment of members to the Securities Commission. This opens the way for the appointments to finally be made in the coming period.

52. In parallel, my Office assisted the domestic authorities in the Federation in finding a way to ensure that the Commission is able to function during the period before new appointments are made. Since the problem of delayed appointments is not unique to the Securities Commission, my Office has also encouraged a solution that would ensure the functioning of all public institutions in the Federation during such appointment gaps. This two-way approach consists of an authentic interpretation of the Federation Law on Securities Commission, which eliminates the risk of challenges to the past decisions of the Commission and allows for continued decision-making, and amendments to the Federation Law on Ministerial, Government and Other Appointments, which allow for the continuity of office to ensure that institutions of public interest function and meet their legal obligations even when appointments to those institutions are deadlocked. The amendments also include a deadlock-breaking mechanism for unblocking delayed appointments.

53. The authentic interpretation and the amendments to the Federation Law on Ministerial, Government and Other Appointments were adopted by the Federation government on 3 and 23 October, respectively, and were due to be discussed by the Federation House of Representatives in late October. I hope that the Parliament will recognize the need to support these measures as a matter of urgency.

Federation constitutional reform

54. The governing crisis in the Federation in 2013 has highlighted the need for broad constitutional reform in the Federation. In May, members of the expert team for the reform of the Constitution of the Federation of Bosnia and Herzegovina, formed with the support of the United States Embassy, officially presented 181 draft recommendations for changes to the Federation Constitution. Four working groups were subsequently formed to make suggestions on how those recommendations might be improved. The expert team's initiative was also presented at a thematic session of the Federation House of Representatives on 24 June and accepted by the

House as a basis for further initiatives on constitutional reform. The Committee for Constitutional and Legal Affairs of the House of Representatives convened in July and October, giving its support to the initiative, which includes a working draft of a new Federation Constitution. This initiative to address the need for constitutional change in the Federation has my full support, and I would welcome and support changes that would result in making the Federation more functional and cost-effective.

Republika Srpska

55. During the reporting period, the institutions of the Republika Srpska continued to meet on a regular basis. Institutions convened against the backdrop of rising tensions between the ruling coalition and the opposition and, in particular, between the ruling party, SNSD, and SDS, as political parties throughout the country position themselves for election campaigning ahead of the general elections in October 2014.

56. The Republika Srpska government persevered with its efforts to tackle the economic and social challenges facing the entity, despite the difficult fiscal situation facing the entire country. There was welcome news when it was announced that the industrial production of the Republika Srpska in the period from January to July 2013 had increased by 5.7 per cent compared with the same period in the previous year. Exports also increased by 6 per cent during the same period when compared with 2012.

57. The Republika Srpska National Assembly convened on a regular basis during the reporting period and adopted 15 new laws and amendments to 27 existing laws. Of particular note was the adoption of a set of laws to simplify business registration, as well as legislation covering urban planning, concessions and, for the first time, renewable energy sources and energy efficiency.

58. On 27 June, the Republika Srpska National Assembly adopted a declaration on the causes, character and consequences of the tragic armed conflict in Bosnia and Herzegovina from 1992 to 1995. The declaration criticized the work of the International Tribunal for the Former Yugoslavia, the Court of Bosnia and Herzegovina and the Bosnia and Herzegovina Prosecutor's Office, portraying the cause of the war as the "domination over the Serb people in Bosnia and Herzegovina ...". Bosniak politicians reacted by labelling the declaration discriminatory and a falsification of history.

59. The Republika Srpska opened its eighth office abroad, in Thessaloniki, Greece, on 30 August. Ten days earlier, it opened a representation office in Washington, D.C. According to the Republika Srpska authorities, the official goal of these offices, which are financed through the budget of the Republika Srpska, is economic promotion.

Srebrenica/Potočari commemoration

60. Preparations for the commemoration of the victims of the 1995 Srebrenica genocide were marked by tensions related to the construction of an orthodox church on a disputed location near the Potočari Memorial Centre, although the annual commemoration on 11 July passed without major incident. A further 409 identified

victims were buried in 2013, and the number of victims buried at the Memorial Cemetery in Potočari now stands at 6,066.

61. On 13 July, associations of victims' families organized visits to several locations in the wider area of Srebrenica and neighbouring municipalities, where men and boys fleeing the Srebrenica enclave were massacred in July 1995. Facing locked gates to a location in Potočari and, subsequently, in Kravica village in the neighbouring Bratunac municipality, the associations' activists cut the wire of the surrounding fence in order to get in. In Potočari the police did not react and let a smaller group go into the yard unimpeded. In Kravica police tried to prevent access to a cooperative warehouse by a much larger group, resulting in physical contact between the visitors and the police. Some of the participants alleged that the police had used excessive force, a charge denied by the police. Visits to other massacre sites connected with the July 1995 Srebrenica genocide passed without incident.

III. Entrenching the rule of law

62. The structured dialogue on justice launched by the European Union with the authorities in Bosnia and Herzegovina, which I have welcomed, continues to offer domestic politicians a forum in which to discuss their concerns about the functioning of the judicial sector in Bosnia and Herzegovina. My Office follows developments in this sector, as several issues in this field are of special importance to the civilian implementation of the General Framework Agreement, including those related to the division of competencies between the state of Bosnia and Herzegovina and its entities under the Bosnia and Herzegovina Constitution.[9]

Justice sector reform strategy

63. The current justice sector reform strategy in Bosnia and Herzegovina, which was initially planned for the period 2008-2012 but was extended until 2013, is about to expire. During the reporting period, the Ministry of Justice of Bosnia and Herzegovina continued to coordinate the development of a new strategy for the period 2014-2018. The new strategy is also expected to include a welcome set of performance indicators. In July, the basic framework for the new strategy was presented to the Conference of Ministers of Justice and to the High Judicial and Prosecutorial Council of Bosnia and Herzegovina, with a view to having an action plan for the implementation of the new strategy developed by the end of the year and the new strategy adopted by the end of February 2014. The new strategy and action plan are expected to be adopted by the Council of Ministers of Bosnia and Herzegovina and entity and cantonal governments.

[9] These include discussions about the competencies of the state of Bosnia and Herzegovina in criminal matters; changes in the functioning of the Court of Bosnia and Herzegovina and a legal framework for the establishment of the Appellate Court of Bosnia and Herzegovina; amendments to the Law on the High Judicial and Prosecutorial Council of Bosnia and Herzegovina; international cooperation on war crimes prosecution; and implementation of the War Crimes Prosecution Strategy.

War crimes prosecution

64. The Steering Board for the Implementation of the War Crimes Prosecution Strategy met on a regular basis during the reporting period. Regrettably, the first aim of the Strategy, to have the most complex cases dealt with by 2015 and less complex cases completed by 2023, is unlikely to be met.

65. On 3 June, the Prosecutor's Office of Bosnia and Herzegovina signed a protocol on cooperation on the prosecution of perpetrators of war crimes, crimes against humanity and genocide with the State Attorney's Office of Croatia. At the same time, cooperation between the Prosecutor's Office of Bosnia and Herzegovina and the War Crimes Prosecutor's Office of Serbia has intensified, and the two offices meet regularly, with the Prosecutor's Office of Bosnia and Herzegovina sharing information related to a number of war crimes suspects who could not be processed in Bosnia and Herzegovina, as the suspects reside in Serbia.

Debate on the application of Criminal Codes

66. The War Crimes Prosecution Strategy also calls for the harmonization of court practices in war crimes cases. In this respect, the judgement of the European Court of Human Rights on 18 July in the case of *Maktouf and Damjanović v. Bosnia and Herzegovina* represents a notable development. The case relates to the retroactive application of the state-level Bosnia and Herzegovina Criminal Code of 2003 in two cases of war crimes committed in 1992 and 1993. The Court found that, given the type of offences for which the applicants had been convicted (war crimes as opposed to crimes against humanity) and the degree of seriousness of the crime (neither of the applicants had been held criminally liable for any loss of life), the principle of no punishment without a law was violated, since the Bosnia and Herzegovina Criminal Code of 2003 was more stringent than the Criminal Code of 1976 of the former Yugoslavia, and thus the applicants could have received lower sentences had the Code of 1976 been applied.

67. It is important to note that the Court took care to indicate that its decision should not be interpreted to deny the applicability of the Criminal Code of 2003 to crimes that were first introduced into national law in 2003 and clearly constituted criminal offences under international law at the time they were committed (i.e. during the war of 1992-1995). This would be the case with, for example, crimes against humanity. This issue was discussed in the concluding observations on the second periodic report of Bosnia and Herzegovina, adopted by the Human Rights Committee (CCPR/C/BIH/CO/2), in which the Committee expressed concerns that "entity-level courts use the archaic criminal code of the former Socialist Federal Republic of Yugoslavia that does not, inter alia, define crimes against humanity, command responsibility, sexual slavery and forced pregnancy".

68. Despite these considerations, the *Maktouf and Damjanović v. Bosnia and Herzegovina* decision has become rhetorical fodder for those officials in the Republika Srpska who insist that the Bosnia and Herzegovina Criminal Code of 2003 should not apply retroactively in any war crimes cases stemming from the conflict of 1992-1995 and who call for the abolishment of the Court and the Prosecutor's Office of Bosnia and Herzegovina. In July, the Speaker of the Republika Srpska National Assembly called for all war crimes cases decided under the Criminal Code of 2003 to be reviewed and for the resignation of members of the judiciary who had applied the Code. The President of Republika Srpska has also

noted that the case strengthens its position in its political struggle against the Court and the Prosecutor's Office of Bosnia and Herzegovina.[10]

69. It is regrettable that the decision of the European Court of Human Rights should be misused to undermine the Court of Bosnia and Herzegovina, which has played an essential role in processing war crimes cases in the country. The state of Bosnia and Herzegovina has a duty to ensure that justice is rendered and that those responsible for serious crimes under international law are prosecuted, tried and duly punished. I therefore welcome the fact that this issue is to be discussed in a non-partisan manner within the structured dialogue under the auspices of the European Union. In this regard it is important to note that the Court of Bosnia and Herzegovina with its current jurisdiction is carrying out the responsibilities of Bosnia and Herzegovina under the Constitution.

70. After the judgement of the European Court of Human Rights, on 27 September and on 22 October the Constitutional Court of Bosnia and Herzegovina passed decisions quashing final judgements previously rendered by the Court of Bosnia and Herzegovina in more than 10 war crimes cases in the country, and ordered the Court of Bosnia and Herzegovina to pass new decisions under the Code of 1976. Some of these decisions also relate to cases of genocide.

Ongoing exhumations

71. The excavation of a large mass grave containing several hundred bodies started at the beginning of September near Prijedor. According to the Bosnia and Herzegovina Missing Persons Institute, it contains the remains of Croats and Bosniaks from Prijedor who were killed in 1992, most probably in the Omarska, Trnopolje and Keraterm camps.

72. According to the International Commission on Missing Persons, excavation works at the Sarajevo city dump began in April with the Bosnia and Herzegovina Missing Persons Institute and the Bosnia and Herzegovina Prosecutor's Office removing 20 years of garbage deposits from the site, where witnesses have said that the remains of up to 100 persons may be buried. Exhumations were halted on 30 August and resumed on 18 October. Fragments of bodies have been recovered. The Republika Srpska-based Association of Families of Missing Persons from the Sarajevo-Romanija Area has announced that these are believed to be the remains of Serbs killed in Sarajevo during the war.

Public security and law enforcement

73. As raised in previous reports, I am concerned about continued political interference into operational policing in Bosnia and Herzegovina. The primary challenge has come in the form of delayed appointments of independent boards and parliamentary bodies responsible for conducting the selection processes for police commanders, as well as the delayed appointments of police commanders themselves.

74. My Office continues to advocate for necessary improvements to police legislation in the Federation and the cantons. On 4 July, I wrote to the Federation House of Peoples to encourage delegates to adopt a draft Federation law on internal

[10] *Glas Srpske*, 18 July 2013.

affairs that had already passed the Federation House of Representatives in first reading early in 2012. On 25 July, the Federation House of Peoples adopted the draft law, which will enter a public debate phase on 23 October. My Office has long favoured the need to improve provisions in the draft law for securing the budgetary and legal independence of the Administration of Police and the consolidation of its administrative management. These measures represent the best barriers to improper political interference in operational policing, and I expect their inclusion in the draft law during the public debate as specifically laid out in my letter dated 22 October to the Minister of the Interior of the Federation of Bosnia and Herzegovina. Upon final adoption, there is a general understanding of the expectation that the cantons will replicate the key principles of the new Federation law by revising their respective laws.

IV. Cooperation with the International Tribunal for the Former Yugoslavia

75. The work of the International Tribunal for the Former Yugoslavia remains vitally important for Bosnia and Herzegovina as its citizens seek to build a future of lasting peace through justice and reconciliation. During the reporting period, two judgements of the Tribunal provoked strong reactions in the region and beyond. On 29 May, Jadranko Prlić and five other former leaders of the Bosnian Croat wartime community of "Croat Republic of Herceg-Bosna" and its army, known as the HVO, were convicted of crimes against humanity, violations of the laws and customs of war, and grave breaches of the Geneva Conventions. The Tribunal concluded that the crimes in question were the result of a plan put together by members of a joint criminal enterprise to remove the Muslim population from the territory controlled by the Croat Republic of Herceg-Bosna. An appeal against this verdict was announced shortly after the verdict.

76. On 30 May, Jovica Stanišić, former Chief of the Serbian State Security Service, and Franko Simatović, former employee of the Serbian State Security Service, were acquitted of all charges by the Tribunal. The two had been charged with having directed, organized, equipped, trained, armed and financed units of the Serbian State Security Service, which murdered, persecuted, deported and forcibly transferred non-Serb civilians from Bosnia and Herzegovina and Croatia between 1991 and 1995. The Prosecution alleged that the two accused participated in a joint criminal enterprise, along with Slobodan Milošević, Ratko Mladić, Radovan Karadžić and others. Radovan Karadžić and Ratko Mladić are currently standing trial before the Tribunal.

77. Momčilo Krajišnik, a member of the Bosnian Serb leadership during the war, was released in August after serving two thirds of his sentence for war crimes. Krajišnik was sentenced in 2009 to 20 years imprisonment for crimes against humanity committed by persecution on political, racial and religious grounds, deportation and inhumane acts. Several thousand people welcomed him as a national hero upon his return to Pale, the wartime capital of Republika Srpska.

V. Economy

Economic indicators

78. The first seven months of 2013 witnessed some positive economic developments. Of particular note was the 6.9 per cent increase in industrial production, mainly as a result of positive trends in the processing industry and the electricity-generating sector, when compared with the same period in 2012. The exports of Bosnia and Herzegovina also registered an encouraging growth of 8.5 per cent in the first seven months of 2013 (with electricity exports recording a remarkable increase of 300 per cent compared with 2012), while imports decreased by 1.5 per cent. This improved the coverage of imports by exports, which is now 57.8 per cent. Annual inflation as estimated in July was 0.6 per cent.

79. Despite these positive developments, the overall economic situation remained complex. At the end of July, 552,989 persons were officially registered as unemployed, a 2 per cent increase over the same period in 2012, and the administrative unemployment rate was estimated at more than 44 per cent. The average net monthly salary (the equivalent of approximately 415 euros) and the average monthly pension (the equivalent of approximately 168 euros) for July remained close to the same level as those in July 2012. Minimum pensions also remained the same in both entities.

80. The newly revised foreign direct investment data of the Bosnia and Herzegovina Ministry of Foreign Trade and Economic Relations also raised concerns, revealing a decrease in foreign investment of 61.3 per cent in the first half of 2013 compared with the same period in 2012. Considering that the United Nations Conference on Trade and Development *World Investment Report* ranked Bosnia and Herzegovina third — immediately after Croatia and Albania — in terms of foreign direct investment inflows in South-East Europe in 2012, I hope that investment inflows will return to more positive trends by the end of the year.

81. Other recently released rankings of Bosnia and Herzegovina have been less favourable, including the Heritage Foundation 2013 Index of Economic Freedom, which ranked it 103rd of 177 countries or 38th of 43 European countries. The World Economic Forum *Global Competitiveness Report 2013-2014* ranked Bosnia and Herzegovina 87th of 148 economies, while in terms of the ease of doing business the World Bank *Doing Business 2013* ranked it 126th of 185 economies. All this points to the fact that the country has much work to do before it can realize the full potential that it undoubtedly has for significant growth.

Fiscal issues

82. Increased foreign debt payment obligations and underperformance of indirect tax revenue created fiscal challenges during the reporting period. The Indirect Taxation Authority Governing Board, which continued to meet regularly under the chairmanship of the Bosnia and Herzegovina Minister for Finance and Treasury, ordered the Indirect Taxation Authority to take all measures within its competence to increase revenue collection in order to address the problem.

83. Fiscal pressures drove both entities into non-compliance with their legal obligations under the Indirect Taxation Authority Governing Board regulations, including the persistent refusal of the Republika Srpska to settle its KM 19.5 million

debt to the Federation for the second half of 2012; its lack of support for the revenue allocation coefficients for the second quarter of 2013, which show a falling trend in final consumption in the Republika Srpska; and the Federation's long-overdue contribution to the setup of the Governing Board's Final Consumption Unit.

84. During the reporting period, fiscal stability at the entity level was largely maintained thanks to two disbursements under the International Monetary Fund (IMF) standby arrangement. IMF was also a major factor in stimulating the actions of the Bosnia and Herzegovina Fiscal Council, which met four times during the reporting period but not once outside the scope of IMF mission visits, despite three attempts by the Fiscal Council (and Council of Ministers) Chair to schedule a meeting. Of particular relevance for developments in the period ahead was the meeting held on 17 September, when the Fiscal Council adopted the Global Framework of Fiscal Balance and Policies for the Period 2014-2016, which will serve as the basis for preparing the 2014 state budget.

85. The prevailing fiscal situation within the cantons in the Federation is also of concern. Cantonal authorities employ in total approximately 50,000 persons, including in the fields of police, education, judiciary and public administration. Total cantonal revenue in 2013, including indirect tax revenue, is generally planned at or above the 2012 level, but the revenue inflow so far indicates that these plans are unrealistic. It is also worth noting that the cantons do not benefit from the current IMF standby arrangement and thus have no possibility to mitigate the loss of indirect tax revenue. As a consequence, most of the cantons are struggling to meet their financial commitments, including salary payments, and advocate changes to the distribution of public revenue within the Federation.

VI. Return of refugees and displaced persons

86. The return of refugees and displaced persons to their pre-war homes is central to the full implementation of the General Framework Agreement. A number of events during the reporting period confirmed that work remains to be done before annex 7 to the Agreement can be considered completed and returns are considered genuinely sustainable.

87. Under the General Framework Agreement, the authorities in Bosnia and Herzegovina are obligated to create an environment conducive to sustainable returns. In this respect, security is of fundamental importance. Regrettably, a number of ethnically motivated attacks took place during the reporting period, which raised questions about what more could be done to ensure that returnees can prosper in an environment of tolerance. On 8 August, a Bosniak returnee in Zvornik (in the Republika Srpska) was violently attacked as he was walking to his local mosque to celebrate Eid, resulting in his hospitalization. The Republika Srpska authorities swiftly condemned this violent attack, and arrests were made. Just a few weeks later, on 20 and 21 September, a Serb was violently beaten at his brother's home in Zavidovici (in the Federation). The next day local police detained three suspects, who were subsequently released for lack of evidence.

88. Education is central to efforts to embed the values of tolerance and coexistence in future generations so that the tragic mistakes of the past are never repeated. During the reporting period, education issues came to the fore again. In September, the start of the new school year brought with it disputes over the curriculums being

used at a number of schools in the Republika Srpska where there have been significant Bosniak returns. Parents and pupils staged boycotts of classes at a number of schools, and at the time of writing the boycott of classes in some schools continued. The problem underlying the protests is not unique to Republika Srpska. It reveals the failure of the competent authorities in Bosnia and Herzegovina in the past 11 years to find a permanent, countrywide solution that would guarantee children's equal rights to education. As it relates to creating an environment conducive to returns, the problem also touches upon the Agreement on Refugees and Displaced Persons, in annex 7 to the General Framework Agreement, and the revised strategy of Bosnia and Herzegovina for the implementation of annex 7 of 2010, which includes provisions on education. My Office will continue to support the efforts of OSCE, the Council of Europe, the European Union and others to unlock progress in this vitally important area.

VII. Media development

89. The public broadcasting system of Bosnia and Herzegovina continued to experience significant difficulties during the reporting period due to an ongoing lack of coordination among the public broadcasting services and the failure of the competent authorities to establish the Public Broadcasting Corporation and to fully respect and implement the Bosnia and Herzegovina Public Broadcasting System Law. As reported earlier in the present report, Republika Srpska authorities took unilateral action to regulate this issue at the entity level, although it is already regulated by state-level legislation. Compliance with the Law in the Federation has also been problematic, and the Federation entity broadcaster is experiencing major difficulties due to the failure of the Federation Parliament to appoint new members to its governing board in a timely manner and in line with the Law.

90. During the reporting period, the Bosnia and Herzegovina Ministry of Communications and Transport also engaged in an effort to introduce new legislation to replace the Bosnia and Herzegovina Law on Communications. The new law, if adopted, would seriously undermine the Bosnia and Herzegovina Communications Regulatory Agency's role. Finally, the Communications Regulatory Agency adopted a decision in September amending the Code on Commercial Communications that will reduce the advertising time allowed on public broadcasters from six to four minutes per hour. In addition, this measure may jeopardize the financial sustainability of the public broadcasting system and endanger the completion of public broadcasting system reforms.

VIII. Defence matters

91. During the reporting period, the Ministry of Defence and the Armed Forces of Bosnia and Herzegovina intensified efforts to improve the control and management of the country's ammunition, weapons and explosive stockpiles. With advice and financial support from the international community, efforts have centred on setting up an ammunition surveillance process and database. These efforts also aim to further facilitate the disposal of surplus ammunition and weapons under the framework of the Movable Defence Property Agreement signed in 2008. These are welcome steps, as corruption and mismanagement have for some time been notable

factors in preventing the establishment of a solid inventory, as has bureaucratic foot-dragging within state-level institutions.

92. In late September, the NATO Assistant Secretary-General for Public Diplomacy, Kolinda Grabar-Kitarovic, visited Sarajevo to encourage elected officials to continue their efforts to meet the requirements for activation of the country's Membership Action Plan. The Assistant Secretary-General also called for state institutions to be strengthened and for Bosnia and Herzegovina politicians to start fighting corruption and praised Bosnia and Herzegovina for its active contributions to peacekeeping missions.

Intelligence reform

93. Following the signing of an agreement on cooperation in the area of military intelligence in March 2013, the Ministry of Defence and the Intelligence Security Agency of Bosnia and Herzegovina focused during the reporting period on preparing legal and administrative steps to enable the establishment of a joint military intelligence database. The database will be one of several important elements contained in the plan to advance cooperation and efficiency between two key security sector actors.

IX. European Union military force

94. The European Union military mission in Bosnia and Herzegovina (EUFOR) currently stands at around 600 personnel based mainly in Sarajevo, with liaison and observation teams also present in other parts of the country. Some member States of the European Union continue to allocate reserve forces to EUFOR out of theatre, ready to deploy at short notice if required. EUFOR continues to play a central role in supporting Bosnia and Herzegovina's own efforts to maintain a safe and secure environment. This, in turn, assists my Office and other international organizations in fulfilling their respective mandates. Given the circumstances in Bosnia and Herzegovina, I consider it important for EUFOR to retain an executive mandate to provide critical reassurance to citizens as we enter 2014.

X. Future of the Office of the High Representative

95. The Peace Implementation Council Steering Board met at the level of political directors on 22 and 23 May 2013, again expressing its concern about the situation in the country and the ongoing failure to address the remaining objectives and conditions for the closure of the Office of the High Representative. The next meeting of the Steering Board is scheduled for 4 and 5 December 2013.

96. As in previous years, my Office continues its responsible efforts to cut overhead costs. Our commitment to making savings where possible was once again reflected in a reduction of 13 per cent for 2013-2014 over the previous budget year. Since the beginning of my mandate, my Office's budget has been reduced by almost 40 per cent and staff by 50 per cent. It remains essential, however, that I be equipped with the budget and staff required to carry out my mandate effectively.

XI. Reporting schedule

97. In keeping with the proposals of my predecessor to submit regular reports for onward transmission to the Security Council, as required by the Council in its resolution 1031 (1995), I herewith present my tenth regular report. Should the Secretary-General or any Council member require information at any other time, I would be pleased to provide an additional written update. The next regular report to the Secretary-General is scheduled for April 2014.